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ACO/TCO CONFERENCE

August 31- September 2, 1999
IOA FINDINGS

Eddie Cryer
Romulo
Castaneda



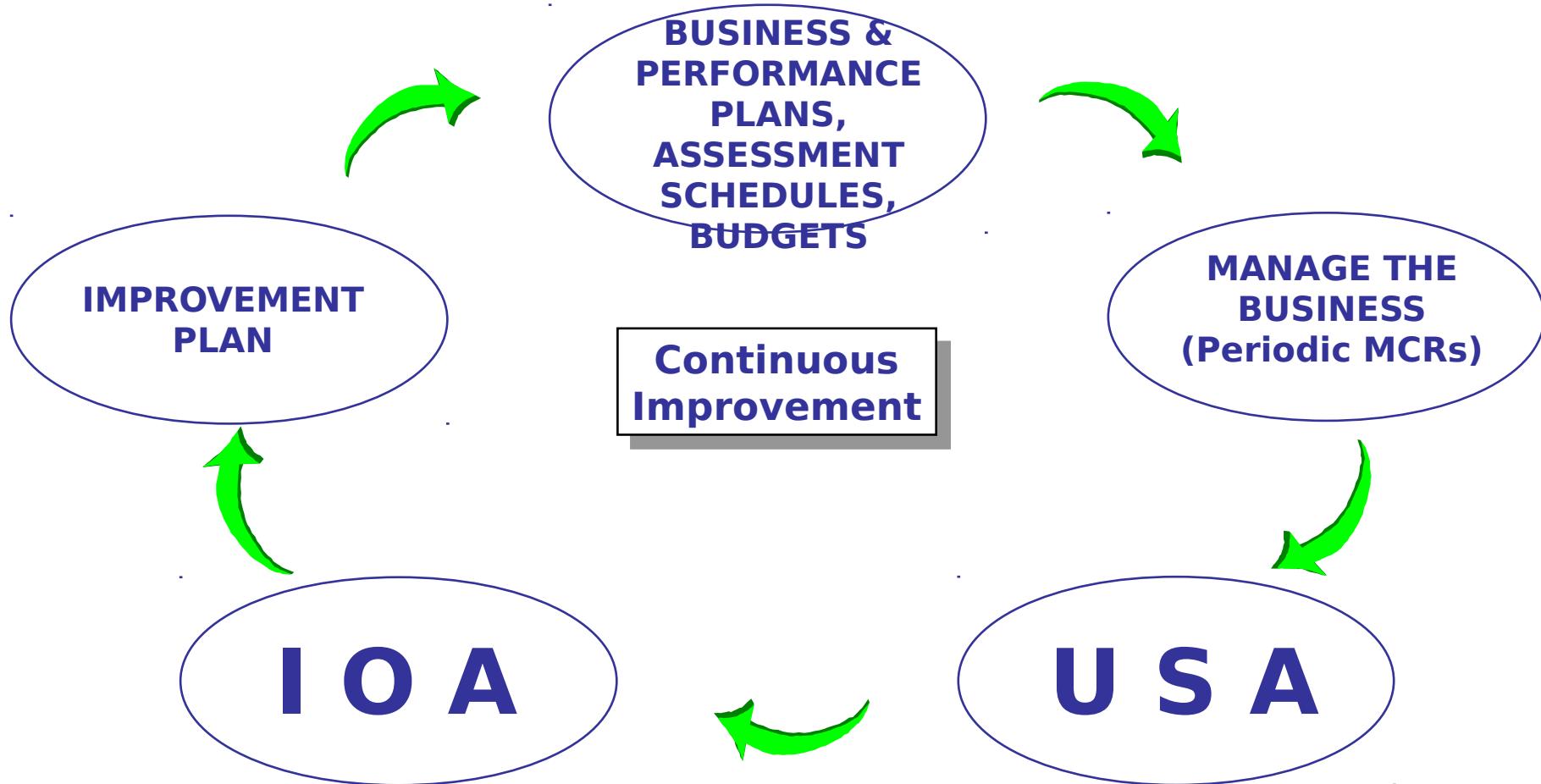
AGENDA

- **Continuous Improvement**
- **Use of IOA Results**
- **IOA Preparation**
- **IOA Results**
- **Pacing Processes**
- **Business Pacing Processes**
- **Documentation**
- **What to Expect After An IOA**
- **Summary**



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CONTINUOUS IMPROVEMENT





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USE OF IOA

RESULTS

- **No Overall CAO Rating Given**
- **No Overall “One Book” Compliance Rating**
- **No Overall Management System Rating**
- **No Peer/Comparison To Other CAO IOA**
- **Ratings Preliminary Until Coordinated With HQ Staff**



IOA PREPARATION

PRIOR TO AN IOA, THE IOA TEAM REVIEWS:

- **Automated Metrics System Data is Reviewed for All Processes to Determine the Status**
- **Performance Labor Accounting System Data is Reviewed for All Processes to Determine Which Processes Receive the Greatest Attention**
- **MOCAS Data is Reviewed to Determine: the Status of Each Contract; MOCAS Accuracy; Which Contracts to Select for Review**
- ❖ **All Types of Data are Reviewed for Data Integrity During an IOA**



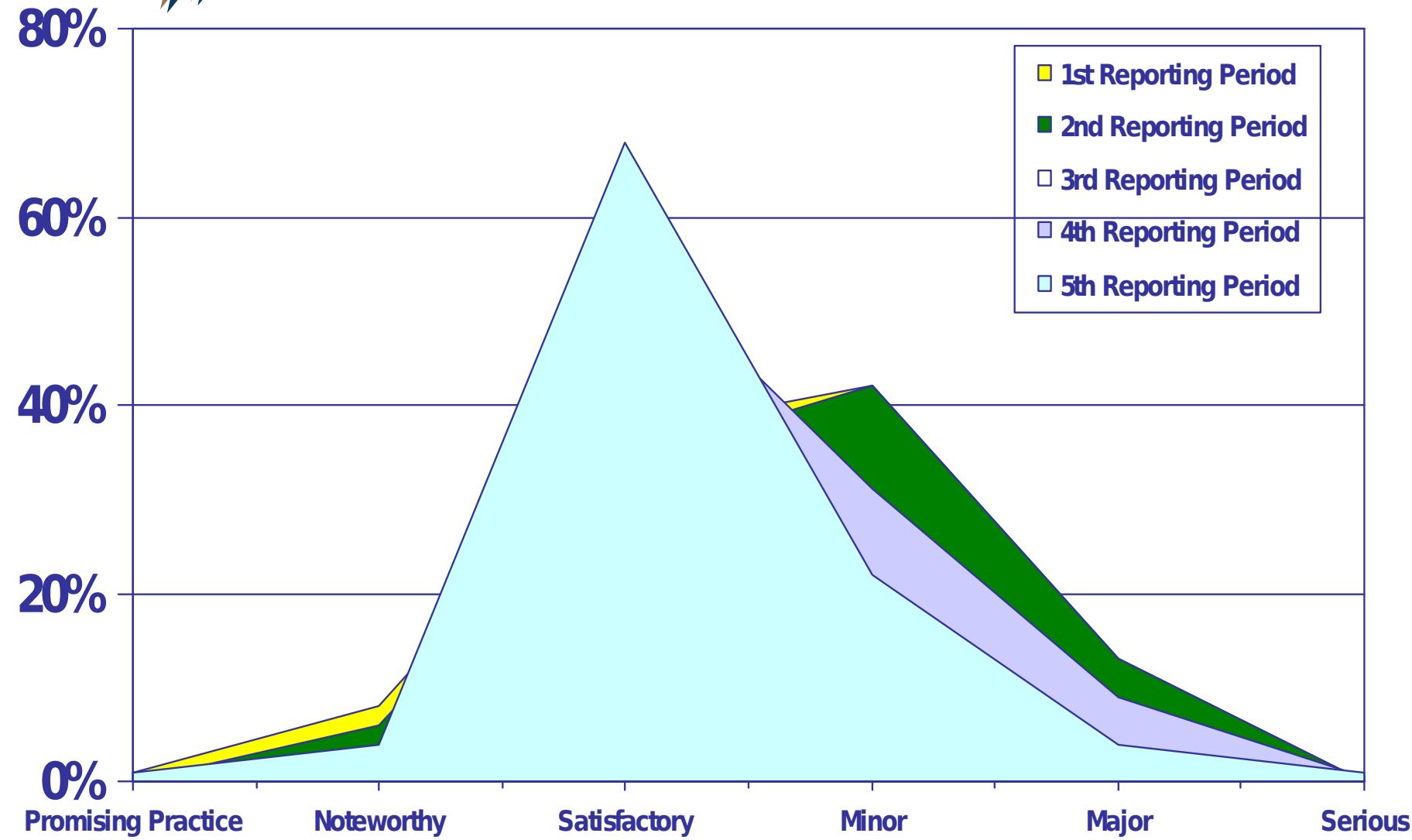
IOA RESULTS

FIFTH REPORTING PERIOD, 10 IOAs:

- ◆ **322 Observation Records**
 - 254 for One Book Requirements**
 - 68 for CPE**
- ◆ **84 Less-than-Satisfactory Observations**
 - 38% Condition Known**
 - 17% Plan Deployed**



IOA RESULTS

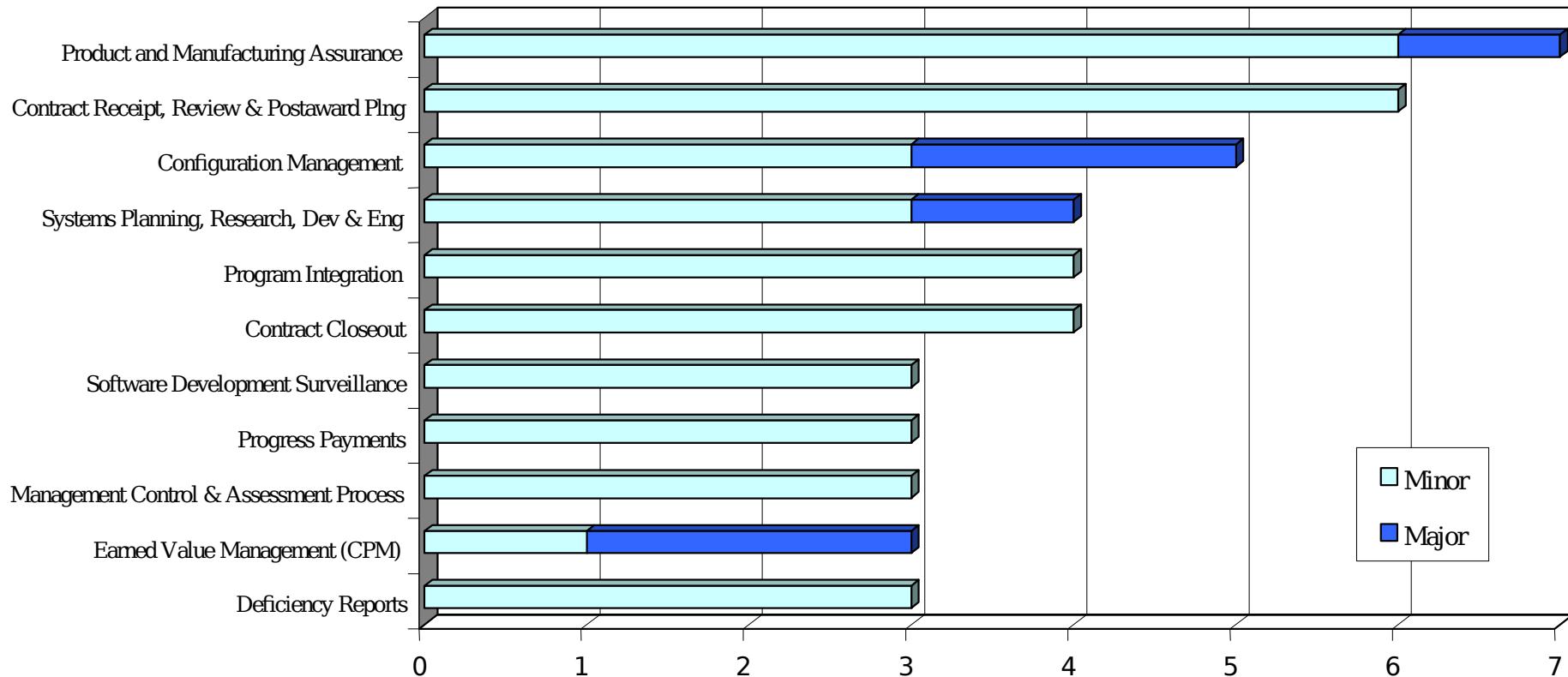




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PACING PROCESSES

One Book Process Concerns





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PACING PROCESSES

11 PACING PROCESSES:

6 Technical Processes: Product and Manufacturing Assurance; Configuration Management; System Planning, Research, Development & Engineering (SPRD&E); Software Surveillance Development; Earned Value Management; Deficiency Reports

3 Business Processes: Contract Receipt, Review and Postaward Planning; Contract Closeout; Progress Payments Based on Cost

2 Common Processes: Program Integration; Management Control & Assessment Program



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BUSINESS PACING PROCESSES

CONTRACT RECEIPT, REVIEW AND POSTAWARD PLANNING *FINDINGS:*

- **Second Highest Less-than-Satisfactory Observations**
- **Coordination with all Functional Elements Inconsistent**
- **Ineffective Postaward Determination**
- **Verification of MOCAS Data Not Comprehensive**



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BUSINESS PACING PROCESSES

CONTRACT RECEIPT, REVIEW and POSTAWARD

PLANNING IMPACTS/SOLUTIONS:

- **Negatively Affects Other One Book Processes**
- **Should be Treated as a Common Process**
- **Separating the Implementation portion of the One Book Chapter into a new One Book Chapter is Forthcoming**
- **What Can You Do to Improve the Process?**



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BUSINESS PACING PROCESSES

CONTRACT CLOSEOUT *FINDINGS:*

- **Sixth Highest Less-than-Satisfactory Observations**
- **Performance in Capturing Canceling Funds**
- **Untimely Movement of Section 1 Contracts to Section 2**



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BUSINESS PACING PROCESSES

CONTRACT CLOSEOUT *FINDINGS* (CON'T):

- **“U” Codes Used in Lieu of Specific FDD**
- **Sporadic Use of MOCAS R9 Codes**
- **Active Monitoring/Addressing MOCAS Section**



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BUSINESS PACING PROCESSES

CONTRACT CLOSEOUT *IMPACTS/SOLUTIONS:*

- **Untimely Closeout Causes Customer Dissatisfaction and Untimely Funds Deobligation**
- **Improve the Use of SDW to Monitor Section 1 and Section 2 Contracts**
- **Develop Short and Long Term Closeout Strategies**
- **How Do You Reconcile Contract Closeout Metrics and Addressing “Old Dog” Contracts?**



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BUSINESS PACING PROCESSES

PROGRESS PAYMENTS BASED ON COST *FINDINGS*:

- **Eighth Highest Less-than-Satisfactory Observations**
- **Lack of and/or Untimely Annual Reviews**
- **Reviews Did Not Routinely Include Technical Reviews**



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BUSINESS PACING PROCESSES

PROGRESS PAYMENTS BASED ON COST *FINDINGS* (CON'T):

- **Estimate-to-Complete and Estimates-At-Completion
Not Consistently Reviewed**

- **Tracking of Progress Payments Was Not Documented**

- **Progress Payment System Reviews Were Inconsistent**



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BUSINESS PACING PROCESSES

PROGRESS PAYMENTS BASED ON COST *IMPACTS/SOLUTIONS:*

- Incomplete or Untimely Reviews Minimize: Visibility of Production vs Expenditure and; the Health of the Contractor's Progress Payment System
- Initiate Progress Payment Reviews at the 9 Month Mark



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BUSINESS PACING PROCESSES

PROGRESS PAYMENTS BASED ON COST IMPACTS/SOLUTIONS (CON'T):

- **Develop Expectations Regarding Technical Reviews**
- **Understand the Contractor's Progress Payment System**
- **What Constitutes an Acceptable Progress Payment System Review?**



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BUSINESS PACING PROCESSES

OTHER PROCESSES TO MONITOR:

- **Public Vouchers:**
 - ⇒ 5% Withholds Not Monitored
 - Limitation of Funds/Cost Clause Not Addressed
 - No Support that Fees Paid were Commensurate with Progress
- **Forward Pricing Rate Agreements:**
 - There was Greater Movement Towards Continuous FPRAs



DOCUMENTATION

- Readily Available and Properly Filed or Maintained**
- Legible and Understandable**
- Meet the One Book or FAR Intention**
- Provide a Historical Record**



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WHAT TO EXPECT AFTER AN IOA

- **Quick-Look Report to MG Malishenko**
- **Process Ratings are Finalized with HQ Process Owners**
- **IOA Report is Written and Distributed**
- **CAO Improvement Plan is Developed and Submitted**
- **CAO Commander May Brief Improvement Plan**
- **Assistance Available from IOA, SFAs, HQ Process Owners, and District Personnel**



SUMMARY

- **IOA Reviews are an Element of Process Improvement**
- **Metrics and Other Data are Keys to Process Improvement**
- **Data Integrity is a Foundation for Process Management**
- **IOA Results are Improving Overall**
- **Contract Receipt, Review and Postaward Planning, Contract Closeout, and Progress Payments are Pacing Business Processes**
- **Impact of Pacing Processes are Known**
- **Corrections to Out of Tolerance Processes are Attainable**